ATLANTIS PRESS

Advances in Social Science, Education and Humanities Research, volume 377

1st International Conference on Applied Economics and Social Science 2019 (ICAESS 2019)

THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY AND FIRM SIZE DISCLOSURE ON ASYMMETRIC INFORMATION IN COMPANIES LISTED ON INDONESIA STOCK EXCHANGE

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***Abstract*— This study aims to determine and prove the influence of disclosure of Corporate Social Responsibility and Firm Size on the decline in Information Asymetry. Corporate Social Responsibility disclosure rates are assessed using the GRI (Global Reporting Initiative) criteria and Firm Size is measured using logarithmic calculations of total company assets. Information Asymetry is measured using a bid ask spread. This research was conducted on companies listed on the Indonesia Stock Exchange and registered in the GRI database with 162 observations. The results of this study indicate that there is a negative influence and a significant level of disclosure of Corporate Social Responsibility on Information Asymetry. The results also show that there is a negative and significant influence on the firm size or size of the company against Information Asymetry.**

Keywords: *Corporate Social Responsibility, Firm Size, bid ask spread, and Information Asymetry.*

I. INTRODUCTION

Corporate social responsibility, or commonly abbreviated as CSR, includes activities that are already important at this time. Different from the previous era CSR was not used as an important reference for companies in national economic activities. It is different from foreign countries that have carried out *Corporate Social Responsibility* (CSR) activities for a long time.

Corporate social responsibility (CSR) expressed through sustainable reports is one of the ways the company produces signals that will be given to investors. Disclosure of *Corporate social responsibility* (CSR) shows that the company has tried to show good performance and has been morally responsible. According to the OECD in Weber (2008), the disclosure of *corporate social responsibility activities* is a business contribution to sustainable development. The disclosure of these reports is one form of transparency carried out by companies for *external* companies that the company has good information available. If the level of disclosure of information transparency increases, the availability of accurate information owned by management and investors will also increase so that the problem of information asymmetry will decrease. This happens because investors have equal access to success in the future of the company (Modigliani & Miller, 1963). Because of the influence of *Corporate Social Responsibility* (CSR) on information asymmetry so that it becomes one of the reasons for the authors to conduct research on the topic of the discussion described above.

This study is a replication of a study conducted by Jinhua Cui et al. (2016) who examined whether the effect of *Corporate Social Responsibility* (CSR) on *Asymetry Information.*

Formulation of the problem

Based on the introduction described above, the formulation of the problem proposed in this study is whether there is an effect of disclosure of *corporate social responsibility* and *firm size* to *information asymetry.*

II. LITERATURE REVIEW

A. Corporate Social Responsibility

From the point of view of the organization, many consider that the Corporate Social Responsibility disclosure evidence can make the position of the company or organization better, and will have an impact on *going concern* for the long term in the company itself (Chang et al, 2008). Usually in every financial report the company that has been registered in the *Global Reporting Index* Database certainly has a report for CSR disclosure itself. The disclosure has the purpose of giving a hint to investors that the company has carried out moral responsibilities well (Cornier et al., 2011; Mahoney, 2012; Thorne et al., 2014).

Disclosure of CSR is a form of transparency to obtain information. An information that is useful to investors as a reference for making decisions will invest in a company. If more transparency is available on information provided to external companies, then the possibility that investors will get greater information and will have an impact on information asymmetry will also decrease (Kreps, 1990; Diamond &

Verracchia, 1991; Bhardwaj & Brooks, 1992; Leuz & Verracchia , 2000, Cheg et al., 2005; Lambert et al., 2007; Chui et al., 2012). Based on the explanation, the research hypothesis will be made as follows:

H1: Disclosure of *Corporate Socical Responsibility* influences the *Information Asymetry*

B. Firm Size

In general, the size of the company is used to measure how large a company is has the feasibility and the potential to balance an information well. Voluntary disclosure of information on large companies has better capabilities than smaller companies due to differences in the resources of each company (Watson et al, 2002). Companies that provide more information to external companies will create more trust to investors, so the bid-ask spread phenomenon will decrease (Omran & El-Galfy, 2014; Thorne et al, 2014). Then the research hypothesis will be made as follows:

H2: Effect of *firm size* on measurement of *Information Asymetry*.

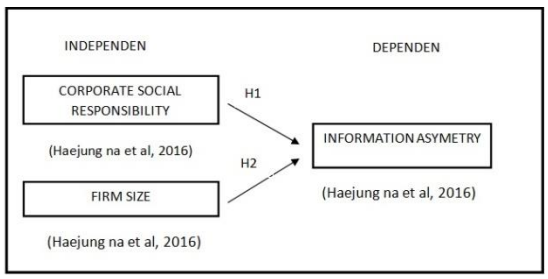

Fig. 1. Research Model

III. RESEARCH METHODS, RESULTS AND DISCUSSION

The data used in this study is data that contains information related to the *sustainability report* in the company's financial statements contained in the Indonesia Stock Exchange obtained from its official account, www.idx.co.id in the period of 2014-2016. Data such as the above description is commonly known as documentation data used in research based on past events arranged in archives. The types of data used in this study are secondary data and quantitative data.

This study uses a sampling technique with *non probability sampling*, namely *purposive sampling*. The aim is to establish criteria when taking samples from the population. These criteria are, (1) Is a company in the manufacturing sector that is listed on the Indonesia Stock Exchange for the period 2014 - 2016. (2) The year of the book in the annual financial report expires on December 31. (3) Is a company that has annual reports in IDR. (4) Companies that have complete data regarding variables in the study during 2014-2016.

Data collection techniques in this study are archival data collection techniques, namely data collection archived containing financial reports contained *Sustainability Reporting* and registered in the *Global Repoting Index* Database for each company on the Indonesia Stock Exchange.

The hypothesis testing of the study was carried out using simple regression analysis. Before regression analysis is carried out, data analysis must be carried out, namely statistical tests and descriptive and classical assumption tests and for hypothesis testing using the F test and T test.

In this study there are two variables, namely the independent and dependent variables.

a. Independent Variables

1) Corporate Social Responsibility

The level of disclosure of *corporate social responsibility* will be summed through the disclosure of the *sustainability report* that is measured using the *Global Reporting Index criterion* . With the terms of the criteria from the *global reporting index* disclosed in the sustainability report given number 1, if not then given the number 0. The CSR level is generated from the total items disclosed by the company then divided by the total summation based on 37 *sustainability report* criteria . Following is the CSR formula:

$$TCSR_{i,t} = \frac{\sum X_{i,j}}{n_j}$$

Keterangan :

$TCSR_{i,t}$: Index of *corporate social responsibility of the* company

$\sum X_{i,j}$: Total items disclosed by the company

n_j : Number of disclosure items according to the *Global Reporting Index*

2) Firm Size

Company size that proves whether the company is a small or large company seen from the resources of each company. On *firm size* variables with the following formula:

$$FSIZE_{i,t} = \log(TotalAseti, t)$$

b. Variabel Dependen

1) Information Asymetry

Information asymmetry occurs in the capital market because of differences in information held between one party and another (Shiri & Ebrahimi, 2012). Information asymmetry can be measured by the Bid ask spread. Bid ask spreads can be measured by the following formula:

$$SPREAD = \left[\frac{(Ask_{it} - Bid_{it})}{\frac{(Ask_{it} + Bid_{it})}{2}} \right] \times 100$$

Keterangan:

SPREAD : Difference in price when *asking* at the *bid* price of the company that occurs solidly

Ask_{it} : Price *asks the* highest share of company I that occurs at t
Bid_{it} : *bid* price is lowest for company I shares that occur at t

IV. RESULT AND DISCUSSION

A. Descriptive Statistics Test Results

TABLE I. DESCRIPTIVE STATISTICS

Variabel	N	Min	Max	Mean	Std. Deviation
CSR	162	0.03	0.76	0.0568	0.03263
Firm_size	162	10.23	13.99	-0.4038	0.36657
SPREAD	162	-29.37	152.09	2.6728	3.37734

Source: data processed using SPSS 20.0

Based on the results of descriptive statistical tests in table 4.1, overall asymmetry information as the dependent variable measured using *bid ask spread* has an average difference in stock price difference of 31,2352 with a standard deviation of 30.91107. The maximum value of the asymmetry information variable measured using *bid ask spread is* 152.09, while the minimum value of asymmetric information measured using *bid ask spread* is equal to -29.37.

The independent variable of CSR disclosure has an average CSR disclosure of 0.4449 with a standard deviation of 0.15870. The maximum value of CSR disclosure is 0.76, while the minimum CSR disclosure value is 0.03. The independent variable size of the company or *firm size* has an average of all company samples of 12.4033 with a standard deviation .81172. The independent variable company size or *firm size* also has a maximum value of 13.99 at PT Indah Kiat Pulp & Paper Tbk and the minimum value is 10.23 at PT Tiga Pilar Sejahtera Food Tbk.

B. Classical Assumption Test Results

Normality test

The normality test used in this study is the *one sample Kolmogorov-Smirnov test* using a significance level of 0.05. Data is stated to be normally distributed if it is significantly greater than 5% or 0.05.

TABLE II. NORMALITY TEST

One-Sample Kolmogorov-Smirnov Test	
Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
1.280	0.075

Source: data processed using SPSS 20.0

From table 4.2, it can be seen that the magnitude of the *kolmogorov-smirnov value* is 1.280 and is significant at 0.075, which means that the data is normally distributed.

Multicollinearity Test

Multicollinearity test is a test to determine whether there is a correlation or linear relationship between independent variables, namely CSR and company size. Multicollinearity testing is done by calculating *tolerance* values and VIF (*Variance Inflation Factor*).

TABLE III. MULTICOLLINEARITY TEST

Variabel	Tolerance	VIF
CSR	0.949	1.054
Firm_size	0.949	1.054

Source: data processed using SPSS 20.0

Based on the results of the multicollinearity test in table 4.3 the data will be said to be free from multicollinearity testing if the *tolerance* value for all independent variables is greater than 0.1 and the VIF value is less than 10. Thus it can be concluded from the known results namely on the independent variable CSR and the size of the company or *firm size tolerance* value of 0, 949, while the value of VIF *(Variance Inflation Factor)* on the independent variable of CSR and the size of the company or *firm size* of 1,054. Results obtained from these data we can conclude that the independent variable is free from multikolinearitas testing because the results of the *tolerance* value of 0, 949> 0.1 and the results of the VIF of 1,054 <10.

Heteroscedasticity Test

In this Heteroskedastistas test to test whether the regression model *variance* occurs from residual inequality one observation to another observation. If the *variance* from the residual one observation to another observation is the same or fixed, it is called homokedasticity and if it is different it is called heteroscedasticity. Data is free from heteroscedasticity if a significant value is more than 0.05.

TABLE IV. HETEROSCEDASTICITY TEST

Variabel	Sig.
CSR	0.25
Firm_size	0.134

Source: data processed using SPSS 20.0

Table 4 shows that the significant value of the CSR independent variable is 0.250 and independent variable size of company or *firm size* of 0.134. Based on these values all variables have values greater than 0.05, which means that the two independent variables are free from heteroscedasticity.

Regression coefficient value of *corporate social responsibility* variable (X_1) is negative -38.151 if the variable value rises by 1% it will reduce the value of *information asymetry* by 38.151. Based on the table above shows that the value of t calculated is equal to -2,526 and a significance value below 0.05 of 0.012. It can be concluded that the H_1 variable of *corporate social responsibility* has a significant *negative* influence on *information asymetry.*

C. Hypothesis Test Results

Test F

The F test results in table 4.5 show a significance value of 0.014. This value is less than 0.1 or 10% so it can be concluded that the independent variables of *corporate social*

responsibility significantly influence the dependent variable *information asymmetry* and this regression model is feasible to use to test the hypothesis.

TABLE V. TEST F

Model	F	Sig.
Regression	4.349	0.014[b]

Source: data processed using SPSS 20.0

Test the First Hypothesis

The hypothesis 1 proposed in this study states that *corporate social responsibility* has an effect on *information asymetry.* The hypothesis is said to be supported if sig <0.05.

TABLE VI. SIMPLE REGRESSION TEST RESULTS HYPOTHESIS I

Koefisien				
Variabel	B	Std. Error	T	Sig.
Konstanta	48.21	7.131	6.761	0
CSR	-38.151	15.101	-2.526	0.012

Source: data processed using SPSS 20.0

Based on table 4.6 above, regression equation can be written as follows:

Y = 48.21 -38.151 *corporate social responsibility*

Regression coefficient values for *corporate social responsibility* variables (X_1) is negative -38.151 if the variable value rises by 1% it will decrease the value of *information asymetry* by 38.151. Based on the table above shows that the value of t calculated is equal to -2,526 and a significance value below 0.05 of 0.012. It can be concluded that the H_1 variable of *corporate social responsibility* has a significant *negative* influence on *information asymetry.*

Test the Second Hypothesis

The hypothesis 2 proposed in this study states that the *firm size* has an effect on *information asymetry.* The hypothesis is said to be supported if sig <0.05.

TABLE VII. SIMPLE REGRESSION TEST RESULTS HYPOTHESIS II

Koefisien				
Variabel	B	Std. Error	T	Sig.
Konstanta	105.616	36.954	2.858	0.005
Firm_size	-5.997	2.973	-2.017	0.045

Source: data processed using SPSS 20.0

Based on table 7 above, regression equation can be written as follows:

Y = 105.616 - 5.997*SIZE*

Variable regression coefficient value *firm size* (X_2) is negative -5.997 if the variable value raises by 1% it will reduce the value of *information asymetry* by 5.997. Based on the table above shows that the value of t count is equal to -2.017 and the significance value below 0.05 is 0.045. It can be concluded that the H_2 *firm size* variable has a significant *negative* effect on *information asymetry.*

D. Coefficient of Determination

Base an analysis of the data in Table 4.8 Model 1 testing generates determination coefficient R^2 of 0,038 or 3.8%. It can be concluded that as much as 96.2% of the asymmetrical information variables in the manufacturing companies listed on the Indonesia Stock Exchange in the period 2014-2016 are caused by disclosure of *corporate social responsibility.* Model 2 tests produce the coefficient of determination R^2 of 0.025 or 2.5%. It can be concluded that 1.9% of the asymmetric information variables in the manufacturing companies listed on the Indonesia Stock Exchange in the period of 2014-2016 were caused by *Firm Size* disclosures. As much as 97.5% of asymmetry information is caused by other variables not examined in this study.

TABLE VIII. COEFFICIENT OF DETERMINATION HYPOTHESIS

Model Summary	
R - Square	
Model 1	0.038
Model 2	0.025

Source: data processed using SPSS 20.0

Disclosure of Corporate Socical Responsibility influences the Information Asymetry

Based on the results of hypothesis testing, H1 shows that the Disclosure of Corporate Socical Responsibility influences the Information Asymetry**.** This states that the **H1** hypothesis is **supported**. Independent variable *Corporate Socical Responsibility* has a significance value of 0.012 which means it is below the significance level of 0.05. Based on the results of the partial test (t-test) in hypothesis 1 shows that the disclosure of *Corporate Socical Responsibility* has a significant negative effect on *information asymetry.* This shows that the higher the level of disclosure activities of *Corporate Socical Responsibility* will increase the transparency of information on the company so that it can reduce *information asymmetry* that has been measured using the *bid ask spread.* These results are in line with the studies of Cui, Jo, Na (2016), Crys & June (2017), Ineke & June (2017), Devina & June (2017), Frans & June (2017), Diebecker (2016), Hapsoro (2015), which states that there is a significant negative effect on the disclosure of *Corporate Socical Responsibility* to *information asymetry*.

Based on Signal Theory which states the manager's policy in making a decision to carry out disclosure activities of *Corporate Socical Responsibility* in an effort to realize the transparency of information is a matter that is needed to help investors in predicting and forming expectations about the company's performance in the future. So that when managers and investors have the same information about the company will have an impact on the decline in the level of *information asymetry.*

Effect of *firm size* on measurement of *Information Asymetry*

Based on the results of testing the hypothesis, H 2 shows that the effect of *firm size* on the measurement of

Information Asymetr. This states that the hypothesis **H2 is supported**. The independent variable *Firm Size* has a significance value of 0.045 which means it is below the significance level of 0.05. Based on the results of the partial test (t-test) in hypothesis 2 shows that the *firm size* variable has a significant negative effect on *information asymetry*. This shows that the larger the size of the company indicates that the company has the resources to disclose information so that information asymmetry problems will decrease. The results of this study are in accordance with the Crys & June (2017) study, Ria et al (2010), Cui, Jo, Na (2016), D evina & June (2017), which stated a significant negative effect on *firm size* to *information asymetry*.

In accordance with agency theory Jensen & Meckling (1976) which states that large-scale companies have higher agency costs than small-scale companies. Large-scale companies will attempt to make more information disclosure to reduce agency costs. Large companies will basically face greater political costs than smaller companies. Large companies are entities highlighted by the market and the public in general.

Making information more transparent is part of the company's efforts to achieve public accountability and avoid the risk of being seen as a *"lemon"* by the market. Large companies generally have a variety of products and operate in various regions including overseas. So that large companies are very possible to recruit employees with high skills needed to implement sophisticated management reporting systems so that they can disclose wider information. Most company shareholders also need more disclosure because of the demands of shareholders and market analysts.

V. CONCLUSION

This research was conducted with the aim to determine the effect of disclosure of corporate social responsibility and firm size on information asymetry in manufacturing companies listed on the Indonesia Stock Exchange (IDX) 2014-2016. Sampling was carried out in 19 manufacturing company sectors, which were the sample of the 162 companies that had met the criteria. The type of data used in the study is a secondary data type where the data that is extracted comes from financial statements that have been published by all manufacturing sector companies. Based on the results of the research analysis, conclusions can be taken as follows:

1. There is a significant negative influence between the effect of disclosure of corporate social responsibility on information asymetry. This means that the higher the level of disclosure of corporate social responsibility carried out by the company will reduce the occurrence of information asymetry.
2. There is a significant negative effect between firm size on information asymetry. This means that the larger the scale of the company, the company will be easier to disclose more transparent information so that it will reduce the occurrence of information asymetry.

Limitations and Suggestions

The author found several limitations in this study. Some of these limitations are as follows:

1. This study only used 162 research samples in the 2014-2016 periods so that they did not represent the existing population. Using a lot of periods allows different results from this study.
2. In this study only the sector used in manufacturing companies listed on the Indonesia Stock Exchange.
3. This study uses the GRI (*Global Reporting Initiative)* activity measurement instrument which is an international rule, allowing for criteria that are not in accordance with the conditions in Indonesia.

Based on the limitations of the problems described above, there are several suggestions for further research as follows:

1. For the next researcher, it is expected to increase the number of independent variables and control variables such as leverage, *earnings quality*, ownership structure, audit quality and add samples and research periods, so that it will get different results from previous studies.
2. For companies, small or large companies must carry out social activities or responsibilities to provide information to the surrounding environment to always improve and make the company's image look better so that investors always invest their shares in the company.
3. For investors, when they have a plan to invest shares in a company, they should see whether a company has carried out activities to provide relevant information related to the prospect or progress of the company so that there is no difference in information between managers or company owners to investors or stakeholders in the period of operational sustainability the company.

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